



DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-128276-12]

RIN 1545-BO07

Recognition and Deferral of Section 987 Gain or Loss; Comment Period Reopening

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking; reopening of comment period.

SUMMARY: The Department of the Treasury and the IRS are reopening the comment period for REG-128276-12, published in the **Federal Register** on December 8, 2016, relating to the determination and recognition of taxable income or loss and foreign currency gain or loss with respect to a qualified business unit.

DATES: The comment period for REG-128276-12 (81 FR 88882, December 8, 2016) (the “2016 proposed regulations”) is reopened, and additional written or electronic comments and requests for a public hearing must be received by **[INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Commenters are strongly encouraged to submit additional public comments electronically via the Federal eRulemaking Portal at <https://www.regulations.gov> (indicate IRS and REG-128276-12) by following the online instructions for submitting comments. Requests for a public hearing must be submitted as prescribed in the “Comments and Requests for a Public Hearing” section. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (the “Treasury Department”) and the IRS will publish for public availability any comments submitted to the IRS’s public docket. Send paper submissions to: CC:PA:01:PR (REG-128276-12), Room 5203, Internal Revenue

Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT: Jack Zhou at (202) 317-6938; concerning submissions of comments, requests for a public hearing, or access to a public hearing, Vivian Hayes at (202) 317-6901 (not toll-free numbers) or by e-mail to *publichearings@irs.gov* (preferred).

SUPPLEMENTARY INFORMATION: On December 8, 2016, the Treasury Department and the IRS published a notice of proposed rulemaking (REG-128276-12, 81 FR 88882, December 8, 2016) (the “2016 proposed regulations”) in the **Federal Register**. The 2016 proposed regulations cross-reference temporary regulations in Treasury Decision 9795 (81 FR 88854, December 8, 2016) (the “temporary regulations”), which provided rules under section 987 of the Internal Revenue Code relating to the determination and recognition of taxable income or loss and foreign currency gain or loss with respect to a qualified business unit. On May 13, 2019, the Treasury Department and the IRS published Treasury Decision 9857 (84 FR 20790, May 13, 2019), which finalized parts of the 2016 proposed regulations and withdrew one section of the temporary regulations. The temporary regulations that were not finalized or withdrawn expired on December 6, 2019. A notice of proposed rulemaking published in this issue of the **Federal Register** contains new proposed regulations under section 987 and withdraws parts of the 2016 proposed regulations. The parts of the 2016 proposed regulations that remain outstanding include: (1) rules regarding the treatment of section 988 transactions of a section 987 QBU (see §§1.987-1, 1.987-3, and 1.988-1 of the 2016 proposed regulations); (2) rules regarding QBUs with the U.S. dollar as their functional currency (see §§1.987-1 and 1.987-6 of the 2016 proposed regulations); (3) rules regarding the translation of income used to pay creditable foreign income taxes (see §1.987-3 of the 2016 proposed regulations); and (4) rules requiring the deferral of

certain section 988 loss that arises with respect to related-party loans (see §1.988-2 of the 2016 proposed regulations).

The Treasury Department and the IRS are considering finalizing these parts of the 2016 proposed regulations and, therefore, are reopening the comment period for 90 days. Comments that were previously submitted in accordance with the 2016 proposed regulations will be considered and do not need to be resubmitted.

COMMENTS AND REQUESTS FOR A PUBLIC HEARING: Before the parts of the 2016 proposed regulations that remain outstanding are adopted as final regulations, consideration will be given to comments that are submitted timely to the IRS as prescribed in this Notice in the “Addresses” section. Any comments submitted will be made available at <https://www.regulations.gov> or upon request.

A public hearing will be scheduled if requested in writing by any person who timely submits written comments. Requests for a public hearing are also encouraged to be made electronically. If a public hearing is scheduled, notice of the date and time for the public hearing will be published in the **Federal Register**.

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